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ANNUAL
REPORT
1967



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SILVERFIELDS
MINING CORPORATION LIMITED

SILVERFIELDS MINING CORPORATION LIMITED

Suite 1000
11 Adelaide Street West
Toronto, Ontario

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of Shareholders of SILVERFIELDS MINING CORPORATION LIMITED will be held in the Board of Trade Building, 11 Adelaide Street West, Toronto, Ontario, on the 11th Floor, on Tuesday, December 12, 1967, at the hour of 2:00 o'clock in the afternoon, Eastern Standard Time, to:

- (a) receive and consider the Annual Report, the financial statements and the report of the Auditors;
- (b) elect Directors;
- (c) appoint Auditors and authorize the Directors to fix their remuneration;
- (d) transact such other business as may properly come before the meeting or any adjournment thereof.

A copy of the annual report accompanies this notice.

Shareholders who are unable to attend the meeting in person are requested to date and sign the enclosed form of instrument of proxy and return it using the stamped form provided for that purpose.

By Order of the Board of Directors,

J. A. S. GIBSON

Secretary

SILVERFIELDS MINING CORPORATION LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Silverfields Mining Corporation Limited (the Company) of proxies to be used at the annual meeting of shareholders of the Company to be held at the time and place and for the purposes set forth in the accompanying notice of meeting. Solicitation will be primarily by mail, and may be supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The cost of solicitation by management will be borne by the Company.

A shareholder desiring to appoint some person other than those named in the enclosed form of proxy to attend and act for him and on his behalf at the meeting may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to the Secretary of the Company.

If the accompanying separate proxy form is executed and returned, it may nevertheless be revoked at any time. In connection with the revocation of proxies, Section 75a(4) of The Corporations Act (Ontario) provides as follows:

"In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked."

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. In the absence of such direction, such shares will be voted for the approval of the directors' report and financial statements, and for the election of directors and the appointment of auditors as stated under those headings in this circular. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such amendment, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES

On August 31, 1967, the Company had outstanding 1,500,005 common shares with a par value of \$1.00, each carrying the right to one vote per share.

With the exception of the shareholder mentioned immediately hereafter, the directors and senior officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company.

Copperfields Mining Corporation Limited has informed the Company that it held beneficially on November 20th, 1967, 400,000 shares of the Company, representing 26.6% of the outstanding shares thereof.

ELECTION OF DIRECTORS

The board consists of five directors to be elected annually. The proxy forms which are given pursuant to this solicitation will be voted for the election of the five nominees whose names are set forth below, all of

whom, with the exception of Robert J. Wright, are now members of the Board of Directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a director but if that should occur for any reason prior to the meeting the persons named in the enclosed form of proxy reserve the right to vote for another person of their choice in his place and stead. Each director elected will hold office until the next annual meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws.

The names of each of the nominees for office as directors and pertinent information regarding them are as follows:

<u>Name</u>	<u>Principal Occupation or Employment</u>	<u>Date on which elected Director</u>	<u>*Shares beneficially owned as of Nov. 20, 1967</u>
Joseph H. Hirshhorn	Mining Executive	May 5, 1965	Nil
Stephen Kay	Professional Engineer	October 2, 1962	Nil
Norman B. Keevil	Geophysicist	November 4, 1964	Nil
Douglas A. Perigoe	Stockbroker	October 28, 1965	Nil
Robert J. Wright	Solicitor		Nil

Mr. Joseph H. Hirshhorn has been a director and chairman of the board of Callahan Mining Corporation.

Mr. Stephen Kay is vice-president of the Company and has been a professional engineer and is the president and a director of International Mine Services Limited.

Dr. Norman B. Keevil has been a director and the president of the Company since November 1964, and is the president and a director of Teck Corporation Limited, Copperfields Mining Corporation Limited, Tribag Mining Co., Limited and Area Mines Limited.

Mr. Douglas A. Perigoe has been a vice-president and director of Gardiner, Watson Limited since January 1, 1964, and prior to that was a salesman with Molson & Company Limited.

Mr. Robert J. Wright has been a barrister and solicitor and, since December 1964, a partner in the law firm of Lang, Michener, Cranston, Farquharson & Wright.

***NOTE:**

The information as to shares beneficially owned not being within the knowledge of the Company, has been furnished by the respective directors individually.

The Company paid during its last completed financial year as part of its exploration, geological and development expenses during the year at the mine, the sum of \$27,415 to provide services, personnel, facilities, etc., in this respect, based upon prices consistent with those in the industry to Geophysical Engineering & Surveys Limited. Geophysical Engineering & Surveys Limited is a private company providing consulting services for the mining industry, as well as carrying out research and development in geophysical techniques, in which Dr. N. B. Keevil is a substantial shareholder.

PENSION BENEFITS

The Company has a pension plan. Among others, one employee at the mine, who is considered to be a senior officer under The Corporations Act, is a party thereto. The estimated cost to the Company in the last financial year of all pension benefits paid in respect of such employee was \$257.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid or payable by the Company in the financial year ending August 31, 1967, to the directors and senior officers of the Company amounted to \$58,951.84. This amount includes remuneration to two officers and the four highest paid employees at the mine.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the reappointment of McDonald, Currie & Co., as auditors of the Company, to hold office until the next annual meeting of shareholders. McDonald, Currie & Co. have been auditors for the Company since November 11, 1965.



SILVERFIELDS 308 Vein — 5,000 to 7,000 ounces silver per ton

SILVERFIELDS MINING CORPORATION LIMITED

ANNUAL REPORT

For the year ended August 31, 1967

HIGHLIGHTS — 1967

A record year with:

Gross production at \$2,148,667

Mine operating profit at \$809,775

NET EARNINGS at \$745,411 or 49.7¢ per share

- Working capital up \$498,702 at \$1,501,187
- 76,030 tons of ore milled for a recovery of 1,398,422 ounces of silver
- Broken ore reserves increased to 51,600 tons
- New labour contract extends to June 1969
- Canadian price for silver rises to over \$2.00 per ounce
- Dividend of 15¢ per share paid August 31, 1967

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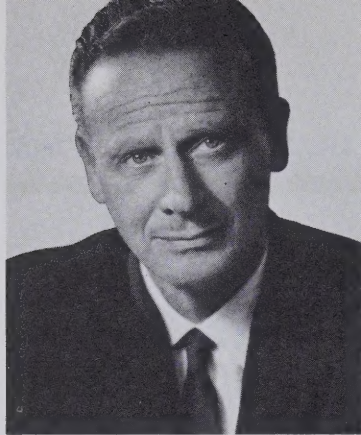
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SILVERFIELDS MINING CORPORATION LIMITED

<i>directors</i>	J. B. ANDERSON, B.Sc., P.ENG., Islington, Ontario Manager of Mining Operations, Keevil Mining Group Limited
	J. H. HIRSHHORN, New York, New York Chairman of the Board, Callahan Mining Corporation
	S. KAY, BME, P.ENG., Scarborough, Ontario President, International Mine Services Limited
	N. B. KEEVIL, M.Sc., Ph.D., Port Credit, Ontario President, Teck Corporation Limited, and other companies
	D. A. PERIGOE, Toronto, Ontario Vice-President, Gardiner, Watson Limited
<i>officers</i>	N. B. KEEVIL, President
	S. KAY, Vice-President
	J. A. S. GIBSON, Secretary
	J. H. WESTELL, Treasurer
	J. B. ANDERSON, General Manager
<i>mine manager</i>	D. S. BROWN, Assistant Secretary
	W. C. SUMMERS, B.Sc., P.ENG.
<i>head office</i>	Suite 1000, 11 Adelaide Street West, Toronto, Ontario
<i>mine office</i>	Cobalt, Ontario
<i>transfer agent and registrar</i>	EASTERN AND CHARTERED TRUST COMPANY Toronto, Ontario

ANNUAL MEETING

Tuesday, December 12, 1967, 2:00 p.m.
11th Floor, Board of Trade Building
11 Adelaide Street West, Toronto, Canada



PRESIDENT'S LETTER

TO THE SHAREHOLDERS:

Your directors are pleased to submit for your approval the fourth annual report of your company covering the fiscal year ended August 31, 1967.

This was another year of good progress with records being set in tonnage milled, value of production, mine operating profit, net earnings and working capital. Exploration and development work expanded ore reserves to a new high. In the latter half of the year the price for silver increased to over \$2.00 per ounce, and strong prices are anticipated for the current year.

Operations in the 1967 fiscal period represent the first full year of production from the company's own milling plant, ore having been previously handled in a custom plant. For the twelve months ended August 31, 1967 a total of 76,030 tons were milled with 1,398,422 ounces of silver being produced for a gross metal value of \$2,148,667. After royalty payments of \$205,953 and smelting, refining, marketing and freight charges of \$109,263, net proceeds were \$1,833,451, up from \$1,635,424 in the preceding year. Operating income after deducting regular expenses was \$809,775, and net earnings were \$745,411 equivalent to 49.7¢ per share. Comparable figures for the 1966 fiscal year are: operating income \$782,513 and net earnings of \$733,795, equivalent to 48.9¢ per share. A new expense in 1967 was the provision for income taxes of \$25,000. Silverfields' three-year tax exempt period ended January 5, 1967, and deferred write-offs for pre-production expenses reduced taxes that would have been payable in the last two-thirds of the period. In the current year earnings will be subject to the regular rate of taxes.

The company continues to maintain a strong working capital position. After providing for capital items of \$71,264, the special federal refundable tax of \$24,317, and a dividend of \$225,001 (15¢ per share), working capital increased by \$498,702 to \$1,501,187.

Development and exploration in the mine area indicated a greater tonnage of ore than that mined during the year. Indicated reserves were maintained and broken ore reserves were increased to 51,600 tons from 29,400 tons the previous year.

In the past year the company has broadened its activities in the Cobalt area by acquiring an interest in a new silver prospect, Ragged Chutes Silver Mines Limited. Financing has been arranged and exploration is now underway under the direction of Silverfields' staff.

The company is continuing the arrangement made with Silver Summit Mines under which the earnings from any silver mined are divided equally between the two companies.

The most important event in the year to affect the company's future earnings potential was the rise in the price of silver to over \$2.00 per ounce from the previous controlled price of \$1.29 U.S. per ounce. As mentioned in previous reports, there is a continuing increase in the world demand for silver, but world production has not increased to the same degree.

On May 18, 1967 the U.S. Treasury announced that sales would be restricted to legitimate commercial users. World prices immediately moved up sharply to a Canadian price basis of \$1.75-\$1.85 per ounce. A further Treasury announcement that sales would be limited to 2,000,000 ounces per week under tender moved the silver price to over \$2.00 per ounce. Since then the market has fluctuated between \$1.80 and \$2.00. While we would not attempt any forecast on exact future price levels, immediate prospects are for a continued strong demand that should maintain prices at approximately present levels.

While our company has only four years of production records, an analysis of results shown under "Comparative Figures" discloses an important economic "fact of life" in mining. As operations moved through the stages from shipping development ore through custom milling to production in its own plant, operating costs were cut from \$25.21 to \$11.75 per ton, and it was possible to reduce grade of ore

treated from 40.76 ounces per ton to 18.68 ounces per ton. However, the true standard of operation — the cost per ounce — was maintained in the moderate range of 50¢ to 64¢ per ounce. The company, by taking advantage of lower costs and now of higher prices, and by treating a lower grade of ore, is in effect increasing its ore reserves and extending the ultimate life of the mine. This increases the total ounces of silver produced, gives a longer period of employment for its employees, and increases the total net earnings for its shareholders.

Governments should take careful note of these facts. Every unjustified action increasing costs destroys the total ultimate recovery of new metal, makes ore into waste rock, and benefits no one. Therefore we must emphasize that one of the most serious threats to the future development, expansion and life of the mining industry is the philosophy outlined in the Report of the Royal Commission on Taxation — "The Carter Report". A negative view is taken of the extractive industries, mining and petroleum, and is followed through with crippling recommendations as to their tax treatment. The report proposes to eliminate the three-year tax exemption for new mines, and to abandon the percentage depletion allowance on earnings from mining and oil production.

Naturally such proposals have led to strong action by the industry, individual companies, associations, and others vitally concerned with the future well-being of the industry and its importance to Canada as a whole. Many briefs have been covered in detail in the press and are too lengthy to be reviewed in this report. The submission by the Canadian Imperial Bank of Commerce, a neutral and well informed source with generations of experience in dealings with the mining industry, gives one of the best presentations, stating in part:

"The tax incentives provided in the case of the mining and petroleum industries have been particularly effective in promoting the high rate of growth that has been achieved in these industries. Our experience in providing required financing for the development of new mines convinces us of the vital importance of these incentives. The effect of the new mine exemption and depletion provisions on cash flow projections has been of particular significance in enabling the banks to provide essential short and medium-term financing to new mining ventures. We know that many new mining enterprises would not have been undertaken in the absence of these provisions.

We do not share the view that the tax incentives available to the extractive industries have resulted in an increased tax burden to other sectors of the economy. We believe that the high rate of growth in the mining and petroleum industries has exerted an important influence on the development of secondary industry in Canada and has contributed materially to the growth and strength of the Canadian economy as a whole.

We strongly disagree with the Commission's view that Canada can safely withdraw important industry incentives in the face of similar incentives provided by other countries. Canada must be prepared to take whatever steps are necessary to maintain the competitive position of its major industries. This is particularly applicable in industries as important to the Canadian economy as mining and petroleum. In the light of the enormous contribution of these industries to Canada's export earnings and to our balance of payments position generally, it would be the greatest folly to seriously weaken their ability to compete effectively with producers of minerals and petroleum in other countries."

Shareholders of mining companies should study these reports and present their personal views to government authorities to emphasize the serious implications of the Carter proposals.

Under the present system, prospects for the current year appear most favourable and the company is in a sound position to benefit from higher silver prices.

On behalf of the Board,



N. B. KEEVIL
President

November 22, 1967

SILVERFIELDS MINING CORPORATION LIMITED

REPORT ON OPERATIONS

PRODUCTION

The mill operated satisfactorily throughout the year at an average rate of 208 tons per day. This compares with 179 tons for the previous year.

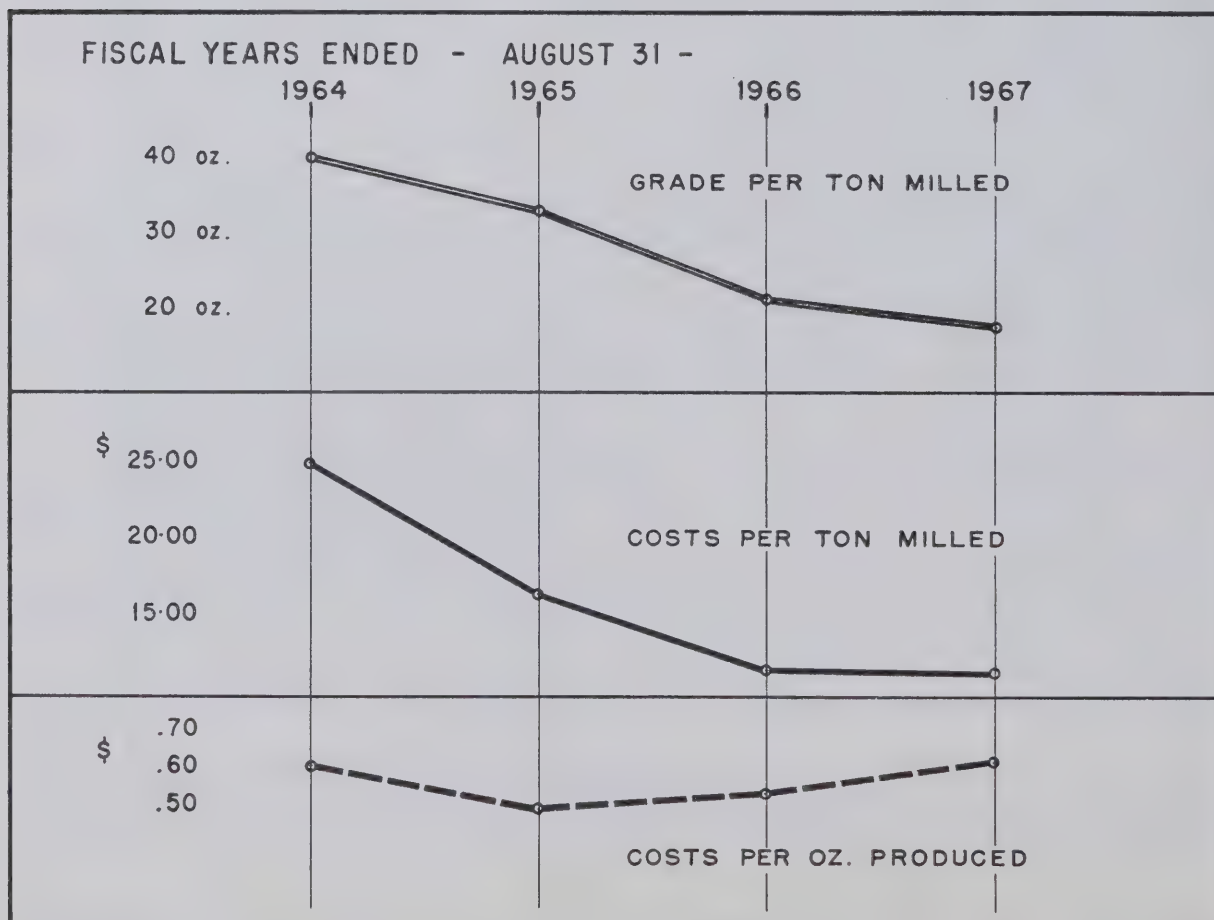
	1967	1966
Ore milled (dry tons)	76,030	65,084
Silver recovered (ounces)	1,398,422	1,423,971
Tailings (ounces per ton)	0.34	0.41
Calculated heads (ounces per ton)	18.68	22.29
Recovery (percent)	98.10	98.10

In addition to the silver, 57,007 pounds of cobalt and 82,969 pounds of copper were produced.

OPERATING COSTS

Following is a comparative analysis of mine operating costs:

		1967			1966	
	Total	Cost per Ton Milled	Cost per Ounce Produced		Cost per Ton Milled	Cost per Ounce Produced
Mining	\$354,664	\$ 4.66	25.4¢		\$ 4.13	18.8¢
Milling	172,404	2.27	12.3¢		2.45	11.2¢
Exploration and development ..	280,741	3.69	20.1¢		3.67	16.8¢
General	85,792	1.13	6.1¢		1.59	7.3¢
Total	\$893,601	\$ 11.75	63.9¢		\$ 11.84	54.1¢



DEVELOPMENT AND EXPLORATION

Level development continued throughout the year with enough new ore developed to replace ore milled. The shaft was sunk an additional 68 feet to open up the sixth level, and the ore pass was extended from the fourth to the third level.

On the third level, drifts in the Nos. 1, 8, 9 and 13 vein systems were extended westerly in Cobalt sediments occupying the Keewatin trough. The No. 11 vein system was extended northeasterly, beyond development on the fourth level.

On the fourth level, drifts were extended westerly in the Nos. 9, 13 and 15 vein systems.

On the fifth level, drifting was carried out in the Nos. 2, 5, 8, 9 and 11 veins to develop ore on the level and recover ore extending below the fourth level.

Development on the sixth level will be carried out to recover ore extending below the fifth level.

Diamond drilling to the north of the main ore zone and below the meteor adit workings encountered weak vein structures carrying low silver values.

Summary	1967 feet	1966 feet
Drifting and crosscutting	5,320	5,891
Raising	788	96
Diamond drilling	24,799	26,423
Shaft sinking	68.5	

ORE RESERVES

Indicated ore reserves were maintained after the milling of 76,030 tons during the year. In addition, broken reserves now total 51,600 tons compared to 29,400 tons at the end of the previous year.

CAPITAL EXPENDITURES

During the year expenditures totalled \$47,945. Major surface items included purchase of a pickup truck and additions to shops, warehouse and ore storage facilities. Underground expenditures included a loader, trammer and rock drills.

SILVER SUMMIT JOINT PROGRAMME

Silverfields mine workings have now advanced to the boundary area and the joint programme with Silver Summit is being renewed. Further drilling and lateral work is underway from the Silverfields third level.

GENERAL

During the year a new labour contract was negotiated. This will extend for a two-year period to June 1969.

An adequate labour force was available at all times with mine personnel totalling 79 at year-end.

The writer wishes to express his appreciation to all of those whose efforts and co-operation contributed so much to this year's progress.

Respectfully submitted,



W. C. SUMMERS

Mine Manager

November 3, 1967

Balance Sheet as

ASSETS

CURRENT ASSETS	1967	1966
Cash	\$ 112,690	\$ 158,461
Short-term deposits	650,000	250,000
Bullion settlements — at estimated net realizable value	877,497	681,158
Accounts receivable	7,414	43,806
Prepaid expenses and deposits	10,605	7,027
Stores and materials — at cost	48,249	36,415
	<u>1,706,455</u>	<u>1,176,867</u>
FEDERAL SPECIAL 5% REFUNDABLE TAX	33,609	9,292
INVESTMENTS IN SHARES AND ADVANCES TO ASSOCIATED COMPANIES — at cost	27,705	16,555
FIXED ASSETS		
Buildings, machinery and equipment, on leasehold land — at cost	473,095	426,962
Accumulated depreciation	<u>173,799</u>	<u>103,797</u>
	299,296	323,165
Mining claims and leases — at nominal value	<u>1</u>	<u>1</u>
	<u>299,297</u>	<u>323,166</u>
DEFERRED EXPENDITURE		
Joint mining ventures — at cost (note 1)	60,079	51,726
Exploration and development — at cost, less amortization	<u>10,177</u>	<u>8,420</u>
	70,256	60,146
	<u>\$2,137,322</u>	<u>\$1,586,026</u>

Signed on behalf of the Board:

N. B. KEEVIL, Director.

STEPHEN KAY, Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Silverfields Mining Corporation Limited as at August 31, 1967 and the statements of earnings, retained earnings and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings, retained earnings and source and use of funds, when read in conjunction with the notes thereto, present fairly the financial position of the company as at August 31, 1967 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applies on a basis consistent with that of the preceding year.

Toronto, Ontario
November 3, 1967

McDONALD, CURRIE & CO.,
Chartered Accountants.

CORPORATION LIMITED

at August 31, 1967

LIABILITIES

CURRENT LIABILITIES

	1967	1966
Accounts payable and accrued liabilities	\$ 38,796	\$ 58,044
Accrued production royalties	87,794	68,160
Taxes payable	78,678	48,178
	<u>205,268</u>	<u>174,382</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized —

3,000,000 shares with a par value of \$1 each

Issued and fully paid —

1,500,005 shares	1,500,005	1,500,005
Discount thereon	1,065,000	1,065,000
	<u>435,005</u>	<u>435,005</u>

RETAINED EARNINGS	1,497,049	976,639
	<u>1,932,054</u>	<u>1,411,644</u>

NOTES:

1. The amount shown for joint mining ventures represents costs to date and is not intended to reflect present or future value.
2. The company completed its three year exempt period under Section 83(5) of the Income Tax Act on January 5, 1967. Taxes payable for the balance of the year have been reduced by claiming preproduction expenditures under Section 83A not previously claimed.
3. Remuneration of two officers and the four highest paid employees amounted to \$54,152.
4. The company's producing mining property is held under a lease expiring on July 4, 1972, the terms of which provide for a minimum annual royalty payment of \$5,000.

<u>\$2,137,322</u>	<u>\$1,586,026</u>
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STATEMENT OF RETAINED EARNINGS

For the Year Ended August 31, 1967

	1967	1966
BALANCE — BEGINNING OF YEAR	\$ 976,639	\$ 707,844
Add: Net earnings for year	745,411	733,795
	<u>1,722,050</u>	<u>1,441,639</u>
Deduct:		
Amount written off mining claims and leases	—	239,999
Dividends paid	225,001	225,001
	<u>225,001</u>	<u>465,000</u>
BALANCE — END OF YEAR	<u>\$1,497,049</u>	<u>\$ 976,639</u>

SILVERFIELDS MINING CORPORATION LIMITED

STATEMENT OF EARNINGS

For the Year Ended August 31, 1967

INCOME	1967	1966
Bullion production	\$2,148,667	\$1,920,334
Less: Smelter, refinery, freight and marketing expenses	109,263	100,997
Royalties	205,953	183,913
	<u>315,216</u>	<u>284,910</u>
	1,833,451	1,635,424
OPERATING EXPENSES (note 3)		
Mining	354,664	268,412
Milling	172,404	159,560
Exploration and development	280,741	239,114
General mine and administrative expenses	85,792	103,420
Head office and corporate expenses	75,275	32,054
Directors' fees	4,800	800
Ontario mining tax	50,000	49,551
	<u>1,023,676</u>	<u>852,911</u>
MINE OPERATING PROFIT	809,775	782,513
OTHER INCOME		
Interest income	36,718	17,355
OPERATING PROFIT FOR THE YEAR—before depreciation, amortization and exploration	846,493	799,868
Outside exploration	2,209	539
Provision for depreciation	71,814	64,045
Amortization of exploration and development	2,059	1,489
	<u>76,082</u>	<u>66,073</u>
EARNINGS FOR THE YEAR BEFORE TAXES	770,411	733,795
PROVISION FOR INCOME TAXES (note 2)	25,000	—
NET EARNINGS FOR THE YEAR	<u>\$ 745,411</u>	<u>\$ 733,795</u>

STATEMENT OF SOURCE AND USE OF FUNDS

For the Year Ended August 31, 1967

SOURCE OF FUNDS	1967	1966
Net earnings for the year	\$ 745,411	\$ 733,795
Add: Charges not requiring cash outlay—		
Depreciation	71,814	64,045
Amortization	2,059	1,489
	<u>73,873</u>	<u>65,534</u>
	819,284	799,329
USE OF FUNDS		
Investments and advances	11,150	1,450
Additions to buildings, machinery and equipment (net)	47,945	120,977
Deferred expenditures	12,169	31,997
Federal special 5% refundable tax	24,317	9,292
Dividends paid	225,001	225,001
	<u>320,582</u>	<u>388,717</u>
INCREASE IN WORKING CAPITAL	498,702	410,612
WORKING CAPITAL — BEGINNING OF YEAR	1,002,485	591,873
Increase in working capital	498,702	410,612
WORKING CAPITAL — END OF YEAR	<u>\$1,501,187</u>	<u>\$1,002,485</u>

SILVERFIELDS MINING CORPORATION LIMITED

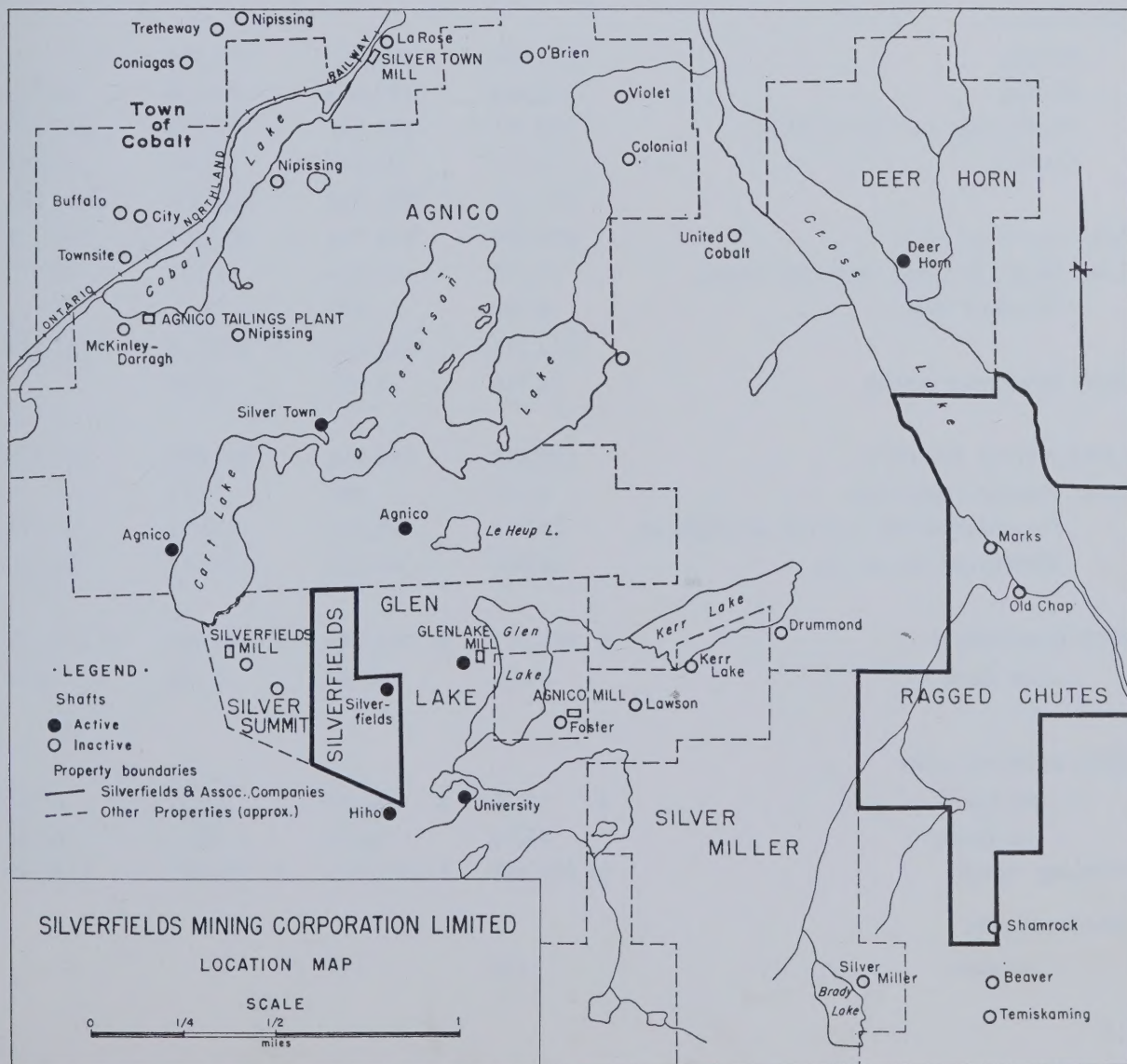
RAGGED CHUTES SILVER MINES LIMITED

Ragged Chutes Silver Mines Limited was incorporated in May 1967 to consolidate three separate groups of claims in the Cobalt area of northern Ontario for an extensive exploration programme. Sale of treasury shares has provided an initial \$120,000 to finance operations.

The major programme will first be centred on the 20-claim group in Coleman Township, shown on the map below. This property was acquired under lease from the same principals as Silverfields. Prior to 1920 the previous owners had put down a number of shallow shafts; some silver values were reported and production shipments made but detailed records are not available.

The other two holdings comprise 9 claims in Lorrain Township, four miles southeast of Cobalt, and 15 claims in the Gillies Limit, about six miles south of Cobalt.

Silverfields Mining Corporation Limited as one of the vendors received a 264,649-share interest in Ragged Chutes Silver Mines Limited. Silverfields is the largest shareholder, and is providing management and direction of the exploration programme.



SILVERFIELDS MINING CORPORATION LIMITED

COMPARATIVE FIGURES

FISCAL YEAR ENDED AUGUST 31	1967	1966	1965	1964
Tons of ore treated	76,030	65,084	37,041	13,831
Grade — ounces/ton	18.68	22.29	33.96	40.76
Ounces	1,398,422	1,423,971	1,232,367	564,485
Bullion production	\$2,148,667	\$1,920,334	\$1,658,644	\$ 759,407
Less: Marketing, smelting	109,263	100,997	76,519	41,203
Royalties	205,953	183,913	161,942	108,710
	1,833,451	1,635,424	1,420,183	609,494
EXPENSES —				
Mining	354,664	268,412	223,154	—
Milling	172,404	159,560	163,816	64,678
Exploration and development	280,741	239,114	157,676	247,772
General	85,792	103,420	74,563	36,653
	893,601	770,506	619,209	349,103
Mine operating profit	939,850	864,918	800,974	260,391
Less: Head office and corporate expense ...	75,275	32,054	37,292	19,073
Directors' fees	4,800	800	—	—
	859,775	832,064	763,682	241,318
Add: Investment income	36,718	17,355	3,986	—
OPERATING PROFIT	896,493	849,419	767,668	241,318
Less: Outside exploration	2,209	539	7,393	—
Depreciation and deferred development	73,873	65,534	22,941	16,811
Mining and income tax	75,000	49,551	47,842	25,100
NET EARNINGS	\$ 745,411	\$ 733,795	\$ 689,492	\$ 199,407
— per share	49.7¢	48.9¢	45.9¢	13.4¢
Mine operating costs				
— per ton	\$ 11.75	\$ 11.84	\$ 16.72	\$ 25.24
— per ounce	63.9¢	54.1¢	50.2¢	61.8¢
Working capital	\$1,501,187	\$1,002,485	\$ 591,873	\$ 110,538
Dividends paid				
— per share	15¢	15¢	—	—

